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ADMITTED IN N.Y. AND N.J.

June 15, 2017

VIA ECF

Honorable Kiyo A. Matsumoto
United States District Judge
Eastern District of New York
225 Cadman Plaza East
New York, NY 11201

RE: United States v. Martin Shkreli and Evan Greebel
15 CR 637 (KAM)

Dear Judge Matsumoto:

We write to your Honor to respectfully request a bail modification for Mr. Shkreli. Mr. Shkreli's bail is currently \$5 million secured by an ETrade account holding \$5 million in cash. We are asking the Court to reduce bail to \$2 million and to allow \$3 million to be released to the Escrow account maintained by Fox Rothschild LLP, Mr. Shkreli's civil counsel to be used as set out below.

The current bail package was consented to by prior counsel on the day of Mr. Shkreli's arrest, at a time when Mr. Shkreli had access to many millions of dollars in cash and other liquid assets. Today, the majority of Mr. Shkreli's assets are illiquid. The current bail is far in excess of what is required. Furthermore, should the Court grant our request for a reduction of bail, we represent that the funds will be maintained in the Fox Rothschild escrow account and used for payments toward satisfying the obligations set out below.

We have asked the government to consent to our application, but at this time, the government will not agree. Mr. Shkreli is not a risk of flight and the \$3 million will be used for tax and legal expenses.

At this time Mr. Shkreli must pay his civil attorneys, Fox Rothschild, [REDACTED] for legal work related to this case and to other legal matters. He also owes [REDACTED] to Marks Paneth, forensic accountants who were retained to assist Mr. Shkreli in responsibly addressing certain claims against him by the IRS and NYS tax authorities. Indeed, as a result of work by Fox Rothschild and Marks Paneth, we are advised that if

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significant payments are now made to both the IRS and the New York State Tax authorities, they will permit the remainder to be used by counsel to offset substantial out of pocket expenses incurred by this firm.

Accordingly, while there are still certain tax issues that will need to be addressed at a later time, if the Court grants our request to reduce Mr. Shkreli's bail from \$5 million to \$2 million, the \$3 million will not be transferred to Mr. Shkreli and the tax authorities will permit the payments as described herein:

- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]

We respectfully advise the Court that although Mr. Shkreli is still worth a lot of money due to his ownership interest in Turing, that interest cannot currently be sold, nor can it be pledged. More to the point, there should be no doubt about Mr. Shkreli's intention to appear when required, and thus it cannot be honestly argued that he presents a risk of flight or a danger to the community. He is a United States citizen and his family all reside in New York City, but are people of very limited means. Also, if he were to flee, he would forfeit his interest in Turing that is now valued at tens of millions of dollars.

Finally, we note that even at \$2,000,000, Mr. Shkreli's bail is still twice that of his co-defendant, Evan Greebel, and substantially more than generally required in cases where the Defendant is accused of a White Collar offense and has no prior criminal record. For all these reasons, we believe that \$2,000,000 is more than sufficient to secure Mr. Shkreli's continued appearance in this case.¹

We respectfully request that that court set aside a brief amount of time on Monday morning for oral argument on our request for bail reduction.

We thank the Court for its courtesy in this and all other matters.

Sincerely,



Benjamin Brafman

cc: All Counsel via ECF
AUSA Jacquelyn Kasulis (via email)
AUSA Alixandra Smith (via email)
AUSA Karthik Srinivasan (via email)

¹ A proposed Order is attached as Exhibit 1 to this letter.